

# Answers to your questions on property taxes

*from Representative Linda Lawson*

I have received many calls and e-mails in response to the property tax reassessment. Some of you have been pleasantly surprised at the news your taxes might go down, while others are expecting to see an increase. Either way, I want to give you information on how we got to this point.

**QUESTION: Why are property reassessments taking place now?**

**ANSWER:** The Indiana Supreme Court and the Indiana Tax Court ruled that the way property was assessed in our state was unconstitutional and unfair. In response, new assessment rules were drawn up based on what is called a fair market value system. Once in effect, these rules would have raised property taxes for homeowners by an average of 33 percent as the burden was shifted among homeowners, business and agricultural land.

**Q: Who drew up these new reassessment rules?**

**A:** The state Department of Local Government Finance, under the mandate of the court.

**Q: To offset those increases, what did you and other legislators do to lower property taxes?**

**A:** In 2002, the Legislature approved several provisions to cut property taxes:

- Increasing the standard homestead deduction from \$6,000 to \$35,000.
- Requiring the state to pick up 60 percent of local school general fund costs.
- Increasing the homestead credit from 10 percent to 20 percent.
- Establishing a new 20 percent property tax replacement credit for homes and businesses.

**Q: How did the Indiana General Assembly pay for these property tax cuts?**

**A:** Increasing the state's sales tax from 5 to 6 percent.

**Q: How much did these changes cut property taxes?**

**A:** An average of 11.3 percent for homeowners statewide. In all, the Legislature provided \$820 million in tax relief for home and business owners in Indiana in the 2003 fiscal year, \$1.9 billion in 2004 and \$2 billion in 2005.

**Q: If the state had done nothing in 2002, what would have happened to property taxes in Indiana?**

**A:** They would have increased by an average of 33 percent. However, please remember that some would have increased by much more than 33 percent and others would have seen a decrease in the shifts.

**Q: My property taxes still went up. How come?**

**A:** The courts ruled that the old system under-assessed the property value of older homes. The new fair market value system mandated by the courts raised the assessments for older homes, which means increased property taxes. Again, remember that if the Legislature had done nothing, these tax bills would have increased by another 33 percent.

**Q: How do I find out if I'm entitled to tax credits to offset those increases?**

**A:** Check with the county auditor at 219-755-3120 to see that your mortgage and homestead credits have been properly filed.

**Q: How do I appeal my assessment?**

**A:** This fall you will receive a Form 11 with the new property value, a phone number and a deadline date for appealing your assessment. Instructions will be included with that document.

## Important Phone Numbers

Lake County Auditor  
219-755-3120

Lake County Assessor  
219-755-3100

# **Representative Linda Lawson**

*answers your questions about*



## **Property Tax Reassessment**

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